

HOUSE BILL 475  
By Winningham

AN ACT to amend Tennessee Code Annotated, Title 4; Title 33;  
Title 38; Title 39; Title 48; Title 49 and Title 68, relative to a  
state lottery in support of education.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Net proceeds of lottery games conducted by the state shall be used exclusively for the purposes set out in Article XI, Section 5 of the Constitution of Tennessee and the provisions of this act. Such net proceeds shall be used to supplement, not supplant, existing resources for education purposes, projects and programs.

SECTION 2. Tennessee Code Annotated, Title 49, Chapter 4, is amended by adding the following as a new part:

**Section 49-4-901.**

As used in this part, unless the context otherwise requires:

(1) "Academic year" means a period of time, typically nine (9) months, in which a full-time student is expected to complete the equivalent of at least two (2) semesters' or three (3) quarters' academic work.

(2) "Certificate" or "diploma" means a credential, other than a degree, indicating satisfactory completion of training in a program of study offered by an eligible public postsecondary institution.

(3) "Eligible high school" means a public or private secondary school that is:

(A) Located in Tennessee and accredited by or affiliated with:

- (i) The Southern Association of Colleges and Schools;
- (ii) The Tennessee Association of Independent Schools;
- (iii) The Tennessee Association of Christian Schools;
- (iv) The Association of Christian Schools International;
- (v) The Tennessee Association of Non-Public Academic

Schools;

(vi) The Tennessee Association of Church Related

Schools;

(vii) Accelerated Christian Education, Inc.; or

(B) Located in another state and accredited by one (1) of the following regional agencies:

- (i) The Southern Association of Colleges and Schools;
- (ii) The New England Association of Schools and

Colleges;

(iii) The Middle States Association of Colleges and

Schools;

(iv) The North Central Association of Colleges and

Schools;

(v) The Northwestern Association of Schools and

Colleges;

(vi) The Western Association of Schools and Colleges; or

(vii) The Alabama Independent School Association.

(4) "Eligible postsecondary institution" means an eligible private postsecondary institution or an eligible public postsecondary institution.

(5) "Eligible private postsecondary institution" means an accredited nonprofit institution of higher education in Tennessee as defined under § 49-4-301(a)(1)(B)(iii) by the Tennessee student assistance corporation.

(6) "Eligible public postsecondary institution" means an institution under the control and direction of the board of trustees of the University of Tennessee or the board of regents of the state university and community college system.

(7) "Freshman student" means a student at a postsecondary institution who has attempted less than forty-six (46) quarter hours or less than thirty-one (31) semester hours.

(8) "Full-time student" means a matriculated student attending a postsecondary educational institution and enrolled for the equivalent of at least twelve (12) quarter or semester hours.

(9) "Grade point average" means the numbered grade average calculated using a 4.0 scale.

(10) "HOPE GED voucher" means a Helping Outstanding Pupils Educationally general educational development certificate (GED) voucher for postsecondary education awarded in accordance with § 49-4-909.

(11) "HOPE grant" means a Helping Outstanding Pupils Educationally grant for education awarded in accordance with § 49-4-908.

(12) "HOPE scholarship" means a Helping Outstanding Pupils Educationally scholarship for education awarded in accordance with §§ 49-4-904--49-4-907.

(13) "Junior student" means a student at a postsecondary institution who has attempted at least ninety-one (91) quarter hours but less than one hundred thirty-six (136) quarter hours or at least sixty-one (61) semester hours but less than ninety-one (91) semester hours.

(14) "Mandatory fees" means fees approved by the Tennessee student assistance corporation that are charged by a postsecondary institution to every student enrolled in that institution, regardless of the student's program of study.

(15) "Matriculated status" means being recognized as a student in a defined program of study leading to a degree, diploma, or certificate at a postsecondary institution.

(16) "Quarter hour" includes each quarter hour attempted, whether remedial or for credit toward a degree, but shall not include any quarter hour attempted or completed before graduating from high school or earning a general educational development certificate (GED) awarded by a state-approved institution or organization.

(17) "Semester hour" includes each semester hour attempted, whether remedial or for credit toward a degree, but shall not include any semester hour attempted before graduating from high school or earning a general educational development certificate (GED) awarded by a state-approved institution or organization.

(18) "Senior student" means a student at a postsecondary institution who has attempted at least one hundred thirty-six (136) quarter hours but less than one hundred ninety-one (191) quarter hours or at least ninety-one (91) semester hours but less than one hundred twenty-eight (128) semester hours.

(19) "Sophomore student" means a student at a postsecondary institution who has attempted at least forty-six (46) quarter hours but less than ninety-one

(91) quarter hours or at least thirty-one (31) semester hours but less than sixty-one (61) semester hours.

(20) "Title IV" means Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C.A. Section 1070, et seq.

**Section 49-4-902.**

A student is ineligible for any scholarship or grant described in this part if the student:

(1) Is not a United States citizen or a permanent resident alien who meets the definition of an eligible noncitizen under federal Title IV requirements;

(2) Has not complied with United States Selective Service System requirements for registration, if such requirements are applicable to the student;

(3) Is in default on a federal Title IV educational loan or Tennessee educational loan, provided that a student who is otherwise eligible and has fully repaid the defaulted loan will be eligible to obtain a scholarship or grant for future academic terms but not retroactively;

(4) Owes a refund on a federal Title IV student financial aid program or a Tennessee student financial aid program, provided that a student who is otherwise eligible and has fully paid the refund owed will be eligible to obtain a scholarship or grant for future academic terms but not retroactively;

(5) Is incarcerated; or

(6) Does not meet each qualification relating to the relevant scholarship or grant and applicable to the student.

**Section 49-4-903.** To be eligible for a HOPE scholarship or grant, a student shall:

(a) Meet Tennessee residency requirements as defined by the regulations promulgated by the board of trustees of the University of Tennessee under § 49-9-105 or the board of regents under § 49-8-104; and

(b) Meet enrollment standards by:

(1) Being admitted, enrolled, and classified as an undergraduate student in a matriculated status at an eligible postsecondary institution; and

(2) Being registered and attending classes for fourteen (14) days or more after the last day of the institution's drop and add period.

**Section 49-4-904.**

(a) To be eligible for a HOPE scholarship a student who is an entering freshman seeking an associate or baccalaureate degree at an eligible postsecondary institution shall meet achievement standards by:

(1) Having graduated from an eligible high school upon meeting the curriculum requirements of the applicable program of study in 2004 or thereafter; and

(A) Having achieved a final grade average equivalent to at least a 3.0 grade point average on a 4.0 scale in the university preparation curriculum; or

(B) Having achieved a final grade average equivalent to at least a 3.5 grade point average on a 4.0 scale in the technical preparation curriculum.

(2) Having received a general educational development certificate (GED) diploma awarded by a state-approved institution or organization in 2004 or thereafter in lieu of graduating from an eligible high school and earning a cumulative grade point average of at least 3.0 at an eligible

public postsecondary institution at the end of the quarter or semester in which the student has attempted forty-five (45) quarter hours or thirty (30) semester hours; provided that such student shall be eligible to receive a retroactive HOPE scholarship for such student's freshman year to be paid at the end of the freshman year;

(3) Having completed a home study program meeting the requirements of § 49-6-3050 in 2004 or thereafter in lieu of graduating from an eligible high school and earning a cumulative grade point average of at least 3.0 at an eligible public postsecondary institution at the end of the quarter or semester in which the student has attempted forty-five (45) quarter hours or thirty (30) semester hours; provided that such student shall be eligible to receive a retroactive HOPE scholarship for such student's freshman year to be paid at the end of the freshman year; or

(4) Having graduated from a high school which is not an eligible high school in 2004 or thereafter and earning a cumulative grade point average of at least 3.0 at an eligible public postsecondary institution at the end of the quarter or semester in which the student has attempted forty-five (45) quarter hours or thirty (30) semester hours; provided that such student shall be eligible to receive a retroactive HOPE scholarship for such student's freshman year to be paid at the end of the freshman year.

(b) To be eligible for a HOPE scholarship, a sophomore student seeking an associate or baccalaureate degree at an eligible postsecondary institution shall meet achievement standards by:

(1) Earning a cumulative grade point average of at least 3.0 at an eligible postsecondary institution at the end of the quarter or semester in which the student has attempted forty-five (45) quarter hours or thirty (30) semester hours; and

(2) Maintaining satisfactory academic progress in a course of study in accordance with the standards and practices used for federal Title IV programs by the postsecondary institution in which the student is enrolled.

(c) To be eligible for a HOPE scholarship, a junior student seeking an associate or baccalaureate degree at an eligible postsecondary institution shall meet achievement standards by:

(1) Earning a cumulative grade point average of at least 3.0 at an eligible postsecondary institution at the end of the quarter or semester in which the student has attempted ninety (90) quarter hours or sixty (60) semester hours; and

(2) Maintaining satisfactory academic progress in a course of study in accordance with the standards and practices used for federal Title IV programs by the postsecondary institution in which the student is enrolled.

(d) To be eligible for a HOPE scholarship, a senior student seeking an associate or baccalaureate degree at an eligible postsecondary institution shall meet achievement standards by:

(1) Earning a cumulative grade point average of at least 3.0 at an eligible postsecondary institution at the end of the quarter or semester in which the student has attempted one hundred thirty-five (135) quarter hours or ninety (90) semester hours; and



(2) Maintaining satisfactory academic progress in a course of study in accordance with the standards and practices used for federal Title IV programs by the postsecondary institution in which the student is enrolled.

(e)

(1) A student who fails to maintain a cumulative grade point average of at least 3.0 at the end of the quarter or semester in which the student has attempted forty-five (45) quarter hours or thirty (30) semester hours may attend the next forty-five (45) quarter or thirty (30) semester hours without a HOPE scholarship. A student who regains a cumulative grade point average of at least 3.0 at the end of the quarter or semester in which the student has attempted ninety (90) quarter hours or sixty (60) semester hours may requalify for a HOPE scholarship. A student who regains a cumulative grade point average of at least 3.0 at the end of the quarter or semester in which the student has attempted one hundred thirty-five (135) quarter hours or ninety (90) semester hours may requalify for a HOPE scholarship.

(2) A student who fails to maintain a cumulative grade point average of at least 3.0 at the end of the quarter or semester in which the student has attempted ninety (90) quarter hours or sixty (60) semester hours may attend the next forty-five (45) quarter or thirty (30) semester hours without a HOPE scholarship. A student who regains a cumulative grade point average of at least 3.0 at the end of the quarter or semester in which the student has attempted one hundred thirty-five (135) quarter hours or ninety (90) semester hours may requalify for a HOPE scholarship.

**Section 49-4-905.**

(a) No minimum number of hours of enrollment is required for HOPE scholarship students who are attending an eligible public postsecondary institution.

(b) HOPE scholarship students who are attending an eligible private postsecondary institution shall be enrolled as full-time students.

**Section 49-4-906.**

(a) Except as set out in subsection (b) of this section, a student may receive the HOPE scholarship until the first of these events:

(1) The student has earned a baccalaureate degree; or

(2) The student has attempted at any postsecondary institution a total of one hundred ninety (190) quarter hours or one hundred twenty-seven (127) semester hours.

(b) A student enrolled in an undergraduate degree program designed to be more than one hundred ninety (190) quarter hours or one hundred twenty-seven (127) semester hours in length is eligible to receive the HOPE scholarship for the lesser of:

(1) A total of two hundred twenty-five (225) attempted quarter hours or one hundred fifty (150) attempted semester hours; or

(2) The number of hours required for graduation if the student has a cumulative grade point average of at least 3.0 after the term in which the student attempted one hundred ninety (190) quarter hours or one hundred twenty-seven (127) semester hours.

**Section 49-4-907.**

(a) Subject to the amounts appropriated by the general assembly and any provision of law relating to a shortfall in funds available for postsecondary

financial assistance from the net proceeds of lottery games operated by the state, a HOPE scholarship awarded to a student attending an eligible public postsecondary institution shall include tuition, approved mandatory fees, and a book allowance not to exceed one hundred dollars (\$100.00) per quarter or one hundred fifty dollars (\$150.00) per semester.

(b) Subject to the amounts appropriated by the general assembly and any provision of law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of lottery games operated by the state, a HOPE scholarship awarded to a student attending an eligible private postsecondary institution shall not be less than three thousand dollars (\$3,000.00) for any academic year.

**Section 49-4-908.**

(a) To be eligible for a HOPE grant, a student seeking a diploma or certificate at an institution operated by the board of regents of the state university and community college system shall:

(1) Meet Tennessee residency requirements as defined by the regulations promulgated by the board of regents under § 49-8-104; and

(2) Meet enrollment standards by being admitted, enrolled, and classified as a student in a matriculated status in a program of study leading to a certificate or diploma and maintaining satisfactory academic progress in accordance with the standards and practices used for federal Title IV programs by the institution at which the student is enrolled.

(b) No minimum number of hours of enrollment is required for eligibility for a HOPE grant under this section.

(c) An eligible student may receive HOPE grants for all course work required by the institution for programs of study leading to a certificate or diploma, including remedial or developmental studies.

(d) Subject to the amounts appropriated by the general assembly and any provision of law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of lottery games operated by the state, a HOPE grant awarded under this section shall include tuition, approved mandatory fees, and a book allowance not to exceed one hundred dollars (\$100.00) per quarter or one hundred fifty dollars (\$150.00) per semester.

**Section 49-4-909.**

(a) Subject to the amounts appropriated by the general assembly and any provision of law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of lottery games operated by the state, a HOPE GED voucher in the amount of five hundred dollars (\$500.00) shall be awarded once to each student receiving a general educational development certificate (GED) diploma awarded by a state-approved institution or organization in 2004 or thereafter. The voucher shall be valid at any eligible postsecondary institution in Tennessee for twenty-four (24) months from the date of issuance.

(b) An otherwise eligible student receiving a HOPE GED voucher under this section is eligible for a HOPE scholarship as a sophomore, junior, or senior student.

**Section 49-4-910.**

A HOPE scholarship and a HOPE grant may be applied only to tuition, mandatory fees, and book costs.

**Section 49-4-911.**

Scholarships or grants to be awarded under this part shall not commence prior to the fall semester or fall quarter of 2004.

**Section 49-4-912.**

(a) The Tennessee student assistance corporation is authorized to promulgate rules and regulations to effectuate the purposes of this part. All such rules and regulations shall be promulgated in accordance with the provisions of Tennessee Code Annotated, Title 4, Chapter 5.

(b) Notwithstanding any other provision of this part, the Tennessee student assistance corporation is authorized to promulgate rules and regulations restricting eligibility for the scholarships and grants described in this part or reducing the dollar amount of scholarships and grants described in this part in accordance with any provision of law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of lottery games operated by the state.

SECTION 3. Tennessee Code Annotated, Section 49-1-302, is amended by adding the following as new subsections to be designated as follows:

(m) The board, with the assistance of the department of education, shall develop and adopt rules and regulations providing for a statewide, voluntary early learning program to be funded, subject to appropriations by the general assembly, from the net proceeds of lottery games operated by the state in excess of those funds expended for postsecondary financial assistance.

(n) The board shall develop and adopt rules and regulations providing for LEA capital outlay projects for K-12 educational facilities to be funded, subject to appropriations by the general assembly, from the net proceeds of lottery games operated by the state in excess of those funds expended for postsecondary financial assistance.

SECTION 4. The provisions of this act providing for postsecondary financial assistance, early learning projects, and capital outlay projects for K-12 educational facilities from the net proceeds of lottery games operated by the state shall not be construed to be an appropriation of funds and no funds shall be obligated or expended pursuant to this act unless such funds are specifically appropriated by the general appropriations act.

SECTION 5. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 6. This act shall take effect upon becoming a law, the public welfare requiring it.